

**MINUTES OF THE
BUSINESS, LABOR, AND ECONOMIC DEVELOPMENT INTERIM COMMITTEE**
April 21, 1999 - 9:00 a.m. - Room 403 State Capitol

Members Present:

Sen. Parley Hellewell, Chair
Rep. John William "Bill" Hickman, Chair
Sen. Gene Davis
Sen. Eddie "Ed" P. Mayne
Sen. John L. Valentine
Rep. Gerry A. Adair
Rep. Patrice M. Arent
Rep. Afton B. Bradshaw
Rep. Katherine M. Bryson
Rep. Don E. Bush
Rep. Carl W. Duckworth
Rep. Ben C. Ferry
Rep. Wayne A. Harper
Rep. Brad King
Rep. Lowell A. Nelson
Rep. David L. Zolman

Members Absent:

Sen. Robert M. Muhlestein

Staff Present:

Ms. Mary Catherine Perry,
Research Analyst
Ms. Patricia Owen,
Associate General Counsel
Ms. Beverlee LeCheminant,
Committee Secretary

Note: Names of others present and copies of information distributed at the meeting are on file in the Office of Legislative Research and General Counsel.

1. Call to Order - Chair Hickman called the meeting to order at 9:10 a.m.

2. Committee Business -

MOTION: Rep. Adair moved to approve the minutes of the November 18, 1998 meeting. The motion passed unanimously with Sen. Valentine and Rep. Nelson absent for the vote.

Ms. Patricia Owen, Associate General Counsel, gave a general overview of the legislative responsibilities of the Business, Labor, and Economic Development Interim Committee. She provided committee members with printed copies of her overview.

Ms. Mary Catherine Perry, Research Analyst, explained the format of the committee survey for prioritizing study items and asked committee members to return the surveys by the end of the meeting.

3. Review of Potential Study Plan for the 1999 Interim Period - Chair Hickman asked the committee members to suggest any items on the Master Study Resolution that they would like to have prioritized.

Rep. Arent proposed that the committee study Item #15, Affordable Housing.

Rep. Bryson proposed that the committee or the Transportation and Public Safety Interim Committee study Item #33, Motor Fuel Marketing Act.

Rep. Adair proposed that the committee study Item #32, Mortgage Lenders.

Rep. Arent proposed that the committee study Items #19, Consumer Credit File Cleanup, and #40, Truth in Network Marketing.

Sen. Mayne proposed that the committee study Item #31, Mobile Home Owners and Park Owners.

Rep. Zolman proposed that the committee study Items #91, Role of the State in Supporting and Promoting Winter Sports After the 2002 Olympic Games, and #92, SLOC Revenues.

Rep. Ferry proposed that the committee combine the liquor-related items and study all of them at one meeting.

Sen. Hellewell proposed that the committee study Item #93, Unfair Competition.

Rep. Adair proposed that the committee study Item #168, Impact Fees.

Rep. Harper proposed that the committee study Items #39, Rest Breaks and Meal Periods, and #85, Labor Organization Political Funds.

4. Economic Development: Business Assistance, Retention, and Recruitment Programs -

Ms. Patricia Owen, Associate General Counsel, gave a general overview of what is being done throughout the nation regarding economic development. She provided committee members with printed copies of her overview.

Ms. Mary Catherine Perry, Research Analyst, gave an overview of the key organizations and programs in Utah related to economic development. She provided committee members with printed copies of her presentation.

Mr. David Winder, Director, Department of Community and Economic Development ("Department"), said that nearly everything state government does impacts, at least indirectly, economic development and requires teamwork to coordinate federal and local programs. Mr. Winder distributed an organization chart of the Department and discussed the duties and responsibilities of the Department's divisions.

Mr. Winder said the Division of Business and Economic Development ("Division") has a policy

board of 15 members, appointed by the Governor and confirmed by the Senate, consisting of business leaders from across the state representing various industries, geographies, and businesses. He indicated that the policy board has recently established an advisory board of local economic development professionals from across the state to advise the state.

Mr. Winder indicated that the most important ingredients for success in economic development are: 1) natural resources; 2) physical infrastructure (roads, airports, etc.); 3) favorable legislative environment (taxes and incentives); and 4) human capital.

Mr. Ron Richins, Division, said that the purpose of business development is to help retain and expand the existing businesses in the state. The Division develops programs that help existing businesses and ensures that offers extended to outside companies considering locating in Utah are available to companies already located in the state. Mr. Richins highlighted some of the main components of the Division's program and indicated that the Division is focusing on a program called the BEAR Program (Business Expansion and Retention). Under this program, the Division assists existing businesses grow and expand. Mr. Richins stated that the Division also implements: 1) the Small Business Development Centers Program; 2) the Enterprise Zone Program; 3) the Recycling Zone Program; and 4) the Local Economic Development Initiative Program.

Mr. Duane Blackley, Executive Director, Utah Technology Finance Corporation (UTFC), gave an overview of UTFC. He stated that UTFC provides direct loan capital to small businesses and that its primary focus is on technology-based organizations. Mr. Blackley said that UTFC believes there is a capital gap in virtually every state, including Utah, and that it is able to fill a portion of that capital gap. He provided committee members with printed copies of his presentation.

Mr. Kent Moon, Senior Vice President, Small Business Programs, Zion's Bank, emphasized the importance of building strong small business programs in the state. He indicated that the capitalization necessary to sustain the growth of small businesses is something that tends to be overlooked by the Legislature.

Mr. Moon discussed UTFC's emphasis on small business needs including its focus on the Micro enterprise loan program sponsored by the Small Business Administration and administration of the Capital Access Fund. He encouraged the Legislature to support the Capital Access Program through UTFC and to consider using the Small Business Administration programs more effectively. By doing so, the state will target and create more of the infrastructure and the capital will be provided by federal sources.

Mr. Paul Blanchard, President, Utah Alliance for Economic Development, said expansion and retention of existing businesses is crucial and should be the highest priority in the state's business development strategies. He stated that with regard to incentives, they are either applied to existing

businesses or used for the recruitment of businesses and the state needs to understand that incentives need to be properly supervised and administered. He indicated that some of the best incentives that need more support are: 1) custom fit training; 2) redevelopment; and 3) redevelopment tax increment financing.

Mr. Blanchard also highlighted the need for product developing providing as an example the need to have buildings to which businesses can locate outside of the existing buildings located from California Avenue to 21st South. Local government entities often cannot carry the risk associated with the development of new buildings.

Chair Hickman said that it would be in the committee's interest to pursue this issue further and invited Mr. Blanchard to return to a future meeting to provide more specific information on how the Legislature should address the issue of making the state economically viable for lenders and communities to sponsor the development of new buildings for prospective businesses.

Rep. Ferry requested that Mr. Blanchard also be asked to present his thoughts on how the Legislature can improve small cities' ability to use economic development.

5. Adjourn

MOTION: Rep. Adair moved to adjourn the meeting. The motion passed unanimously with Reps. Arent and Bush absent for the vote.

Chair Hickman adjourned the meeting at 11:55 a.m.